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439 have greatly facilitated trade by this route. A direct line from Batum to Kars would, however, effect a still greater economy of cost and time.

A part of the Russian transit trade with Transcaspia and Persia passes through Petrovsk when the Volga is frozen. No statistics of this trade are available.

(D) FINANCE

(1) *Public Finance*

652 As a large portion of the Caucasus has only recently been incorporated into the Russian Empire, and parts of the country have been vacated by the former inhabitants owing to their dislike for Christian rule, the country has been treated more as a colony than as an integral portion of Russia. Details of revenue and expenditure are not easily available. It would, however, seem that vast sums have been spent in the past on settling the country, building military roads, &c., and that, owing to the rapid expansion of the oil industry and to fair success in some other mining ventures, together with sound agricultural development and the repute the country has gained as a tourist resort and for its medicinal springs, the revenue was gradually being adjusted to expenditure. The revenue is stated to have risen by 35 per cent. between 1906 and 1910.

651 Taxation in Russia as a whole was mainly indirect, only about 8 per cent. of the revenue being derived from direct taxes on land and trades and industries. Excise revenue furnished about 22 per cent., duties about 8 per cent., royalties (including the profit on the spirit monopoly) about 30 per cent., and profits from State undertakings (forests, railways, State factories, &c.) about 30 per cent. For the Caucasus considered separately, these proportions might differ in certain particulars. It is not possible to trace the incidence of expenditure in the Caucasus at all.

Local taxation is either urban or rural. In 1912 nine towns were entitled to raise revenue for urban

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purposes, and in that year their aggregate revenue amounted to some £1,250,000 and their aggregate debt to £1,800,000. Baku had a revenue of £670,000 in 1912, Tiflis of £218,000, and Ekaterinodar of £147,000. The remaining towns had revenues of less than £50,000 each.

Rural taxation in Russia was undertaken by the *zemstvos*. Caucasia, however, had no *zemstvos*, and local matters were administered by official boards. The Province of Stavropol acquired a *zemstvo* in 1912, but no record of its activities is available.

(2) *Currency*

The paper money and coinage current in Caucasia is that of the Russian Empire, but certain silver coins of the old Georgian currency are still in circulation, namely, the *shaur* (worth 5 kopecks, or about 1d.), the *half abaz* (10 kopecks), the *abaz* (20 kopecks), and the *two abaz* (40 kopecks).

(3) *Banking*

The most important distinctively Caucasian bank is the *Banque de Caucase*, or *Banque de Commerce de Tiflis*, which has its head office at Tiflis and branches at Baku, Batum, Elisavetopol, Erivan, Grozni, Kars, Kutais, and Nukha. Smaller Caucasian banks are the *Tiflis Agrarian Bank* at Tiflis, the *Tifliser Kaufmannsbank* at Tiflis, and the *North Caucasian Commercial Bank* at Armavir.

The following Russian banks have branches in the Caucasus: the *Imperial State Bank*,[1] at Armavir, Baku, Batum, Ekaterinodar, Erivan, Stavropol, Tiflis, and Vladikavkaz; the *Banque Russo-asiatique* (of Petrograd), at Armavir, Baku, Batum, Yeisk, Ekaterinodar, Grozni, Novorossiisk, and Vladikavkaz; the *Banque de Commerce de l'Azoff-Don* (of Petrograd), at Armavir, Elisavetopol, Erivan, Yeisk, Grozni, Novorossiisk, Poti, Stavropol, Tiflis, and Vladikavkaz; the

[1] The functions of the Imperial State Bank are described in *Don and Volga Basins*, No. 53 of this series, p. 100.